

# **Mayor's Report**

## **Analysis of the B.C. Home Owner Grant Program**

On November 25<sup>th</sup>, the [Metro Vancouver](#) Board of Directors received a [report](#) that provided an informative financial analysis of the B.C. [Home Owner Grant Program](#). This [report](#) was prepared in response to the Board's request that an analysis of how Provincial property taxes and the 'Home Owner Grant Program' in *Metro Vancouver* have changed over time. The key findings of the [report](#) were as follows:

### **Declining Grant Eligibility**

From January 2014 to September 2016, the composite home price index for the Lower Mainland increased by 52%; whereas, in the same period, the Home Owner Grant threshold value increased by only 9% (from \$1.1 million to \$1.2 million) resulting in declining Grant eligibility within the region. For example, in the *City of Vancouver* the percentage of properties eligible for the Grant has declined by approximately 5% annually, from 79% in 2013 to 64% in 2016, resulting in \$11 million in fewer Grants annually for residents.

### **Declining Grant Share**

In the past decade, *Metro Vancouver's* share of total Grant issuance declined from 53.0% to 46.8%, despite *Metro Vancouver's* population growth outpacing the rest of the Province. In 2016, this decline is forecast to continue based on home price trends in *Metro Vancouver* relative to other regions in the Province.

### **Declining Real Value**

The real value of the Grant has declined over time due to inflation, decreasing at approximately 1% to 2% annually. The nominal value of the basic and additional grant has remained at \$570 and \$275 respectively since 2006, when they were both increased by \$100. If the basic grant value were discounted by the *Consumer Price Index* (CPI) for *Metro Vancouver* since 2006, its value in real terms in 2016 would be \$500 (compared to the \$570 nominal value).

### **Decline Accelerated by the Province**

*Metro Vancouver's* declining share of the Grant was accelerated by the Province's introduction in 2011 of the 'Northern and Rural Home Owner Grant' which provided an additional \$200 for eligible homes in northern and rural areas; that is, those areas outside of Greater Vancouver, Fraser Valley, and Capital Regional Districts.

### **Increased Net School Tax**

Since the Grant is primarily deducted from School Tax, *Metro Vancouver's* decreasing Grant levels have caused net residential-class School Tax to increase faster than it would have otherwise. In *Metro Vancouver*, the 5-year average annual growth in net residential-class School Tax was 6%; compared to 0% for the rest of the Province. The 5-Year average annual growth of gross residential-class School Tax revenue in *Metro Vancouver* was 3.8%, compared to 0.6% for the rest of the Province. This difference between the annual growth of gross versus net residential-class School Tax is due to declining Grant levels.

As can be seen from the above findings, property owners in *Metro Vancouver* are being subjected to significant financial inequity compared to the rest of the Province.

**Ralph Drew**  
**Mayor**

November 25, 2016